1	want to call them that, and kind of hursed
2	them up to where they are comfortable with
3	them.
4	But if a new guy wants to come on,
5	aren't they going to test that new guy out?
6	MR. SCHMIDT: Yes, that would be
7	fair. That would be absolutely fair but that
8	is not what they did. They didn't nurse up
9	Golf and Versus. They gave them the broadest
10	coverage right from the start.
11	JUDGE SIPPEL: Well, it was a
12	younger company then. Comcast was younger
13	then.
14	MR. SCHMIDT: They do that for
1.5	channels that they get after as well.
16	JUDGE SIPPEL: Oh. You mean like
17	the hockey and the
18	MR. SCHMIDT: Like the hockey and
19	the baseball. When they get an equity
20	interest, they give them the broader coverage.
21	We thought we were doing what you
22	were supposed to do. We did build up our
	II

We did go out and get the best 1 channel. content for our channel that we could get. 2 3 did invest a lot of money in our channel. and 4 did qo back to Comcast say, we'll discount, even beyond the rate that we agreed 5 6 on, if you give us equal coverage. And that 7 wasn't good enough. That is the essence of discrimination, that they don't have to build 8 9 up their own channels. They just get there right from the start. 10 11 The one instance that is 12 counter-example proves the point. When Golf 13 Channel launched, they initially tried to 14 launch it as a pay extra channel and it didn't 15 So they gave it the broadest do well. coverage possible. That is a different 16 17 standard. JUDGE SIPPEL: 18 That's kind of a 19 compliment then to the Tennis Channel, that 20 they were able to get the higher \$5 a month 21 from the programming.

SCHMIDT:

MR.

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Well no, it is a

1	severe detriment to the Tennis Channel.
2	JUDGE SIPPEL: No, I know but it
3	is a compliment to the Tennis Channel. You
4	can get them the higher price.
5	MR. SCHMIDT: We would take a
6	compliment of equal carriage. That is what we
7	are looking for.
8	JUDGE SIPPEL: Okay. You don't
9	want any atta boys. You want the deal. Okay.
10	MR. SCHMIDT: Back of the hand
11	atta boys to Mr. Carroll.
12	JUDGE SIPPEL: Is that basically
13	it?
14	MR. SCHMIDT: Yes. Very quickly
15	on harm. Harm is contested. Their documents
16	speak amply to the harm. They did an
17	estimate. They said we have no value on their
18	
18	sports tier. They say you can't survive on
19	sports tier. They say you can't survive on the sports tier. There was evidence of harm
19	the sports tier. There was evidence of harm

1	spoken about, which is simply that if Section
2	616 means what it says, that you have to treat
3	channels equally where they are similarly
4	situated, regardless of affiliation or non-
5	affiliation, the remedy is what we were
6	talking about a moment ago. The remedy is the
7	same level of carriage they give to their
8	similarly situated channels, not some remedy
9	based on the effect of their discrimination in
10	the larger marketplace, both in terms of
11	helping themselves and hurting us but the same
12	carriage they give to their own channels.
13	That is the remedy.
14	JUDGE SIPPEL: If I am saying it
15	correctly, you want parity.
16	MR. SCHMIDT: Yes.
17	JUDGE SIPPEL: You want parity
18	with two channels, with two programs, Versus
19	and Golf.
20	MR. SCHMIDT: Yes, sir.
21	JUDGE SIPPEL: So hockey and Major
22	League Baseball, that is off the table. We

don't have to think about that, for purposes 1 of this. 2 3 MR. SCHMIDT: Yes. If I say this, it 4 JUDGE SIPPEL: 5 means for purposes of a remedy. Yes, we focused our 6 MR. SCHMIDT: case on Golf and Versus. To us the relevance 7 hockey channel and the baseball 8 to the 9 channel, which are not 100 percent owned by 10 Comcast and don't receive 100 percent carriage 11 by Comcast, the relevance of them is they speak to some of these defenses that Comcast 12 13 has raised, like the date matters because we 14 know those channels came along later in terms 15 of equity and they still got broader carriage. Section 616 calls for 16 17 parity, exactly as Your Honor said. us, that is parity in terms of the level of 18 19 carriage. It is also parity in terms of the We heard lot of 20 channel placement. а 21 testimony about how channel placement matters,

how it matters if they give themselves a

1	channel number in the low 20s
2	JUDGE SIPPEL: Oh, I see, channel
3	placement.
4	MR. SCHMIDT: Channel placement,
5	exactly. And we are up in the 600s or the
6	700s at the end of the dial is where we are.
7	JUDGE SIPPEL: Jesus, that is
8	above the Sierras.
9	MR. SCHMIDT: The Enforcement
10	Bureau talked about the channel placement
11	remedy. We believe in that channel placement
12	remedy.
13	If I have any minutes left, I
14	would like to save just a couple minutes at
15	the end. That covered the points that I
16	wanted to cover.
17	Basically, similarly situated
18	networks with wildly different treatment and
19	the only justification they offer for that
20	different treatment is defenses that only
21	apply to Tennis Channel and never apply to the
22	Comcast channels. That is the essence of a

1	616 violation.
2	JUDGE SIPPEL: And back to what I
3	asked before and I just am repetitive here but
4	you want the 2005 contract applied at the
5	better tier,
6	MR. SCHMIDT: Yes, Your Honor.
7	JUDGE SIPPEL: with the better
8	channel.
9	MR. SCHMIDT: Yes, Your Honor.
10	JUDGE SIPPEL: That is basically
11	it.
12	MR. SCHMIDT: Yes.
13	JUDGE SIPPEL: Okay. Would
14	another hearing be required for that?
15	MR. SCHMIDT: I don't think so. I
16	think that
17	JUDGE SIPPEL: It's pretty
18	straightforward, isn't it?
19	MR. SCHMIDT: I think it is pretty
20	straightforward.
21	JUDGE SIPPEL: All right. I don't
22	know that it is going to be there but anyway,

1	we all have to plan our lives.
2	All right, that's it.
3	MR. SCHMIDT: That's it, Your
4	Honor. If I may reserve
5	JUDGE SIPPEL: Thank you very
6	much.
7	MR. SCHMIDT: a few minutes, I
8	would love to do that.
9	JUDGE SIPPEL: I beg your pardon?
10	MR. SCHMIDT: If I may reserve a
11	few minutes at the end, taking Your Honor up
12	on the invitation.
13	JUDGE SIPPEL: A few minutes, yes.
14	But I think we have covered the waterfront
15	very well.
16	MR. SCHMIDT: We have, Your Honor.
17	JUDGE SIPPEL: Sorry, just a
18	minute.
19	Mr. Carroll, I know you are up
20	next. Sorry for this delay. Again, I am
21	going to ask are you comfortable? I am. I
22	mean, if you are

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1	MR. CARROLL: Your Honor, I love
2	being here. I'm comfortable.
3	JUDGE SIPPEL: Justin's got the
4	air conditioner, too.
5	(Laughter.)
6	JUDGE SIPPEL: Thank you very much
7	That's a compliment.
8	MR. CARROLL: Good morning again.
9	JUDGE SIPPEL: Good morning again,
10	sir. And I am just going to ask you this
11	procedurally, please make your initial
12	statement, you will I know, but we have a lot
13	of questions. And my colleague, Ms. Bergold
14	is going to pretty much handle those
15	questions. There is a lot of them.
16	So it might be rude to interrupt a
17	little bit but we may have to do that. But we
18	are going to let you, you can get in
19	everything that you want to get in, whether it
20	is now or in the middle or at the end.
21	How were you thinking of it?
22	MR. CARROLL: I was looking

1	forward to the questions and actually, my
2	planned remarks I have already put to the side
3	in the hopes that I would follow-up on some
4	things that were already said. So I view this
5	as a dialogue at this point, frankly.
6	There are some points I wanted to
7	address that were covered already.
8	JUDGE SIPPEL: Why don't you do
9	that?
10	MR. CARROLL: But I'm not going to
11	come here and give some oration. I want to be
12	responsive to what the bench here is asking in
13	the way of questions and what would be
14	helpful.
15	JUDGE SIPPEL: Save your Broadway
16	presentation for the New York courts.
17	MR. CARROLL: You know what? · I'm
18	not Broadway.
19	(Laughter.)
20	MR. CARROLL: That dog What is
21	it? That dog won't hunt.
22	JUDGE SIPPEL: Okay, well you go

1 ahead but be prepared to get some questions.

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MR. CARROLL: Okay. Let me just say one thing at the outset, which is it was clear to me from listening to the first part of the session that Your Honor is paying very careful attention to the record. And I thank the Court for that and I think it is vitally in a case like this, critical important because there are so many assumptions that are made about my client; so many efforts to make general policy arguments about what my client must be up to; in our view, so many efforts to import statements in a NBC merger order and continue to use them and not look at the actual evidence that we had. And we had a hearing here. You had those witnesses sitting You can look them in the eye, right there. you listen to the testimony --

JUDGE SIPPEL: Bond twice.

MR. CARROLL: Mr. Bond twice. And I spent -- Are you ready for this? And this is an indication of how non-Broadway I am. I

spent my weekend reading the 2800 pages of the 1 trial transcript in this matter. 2 And --JUDGE SIPPEL: Was it good? 3 MR. CARROLL: -- that is how it --4 5 (Laughter.) You know what is MR. CARROLL: 6 interesting about it? You always see things -7 - Because when you are questioning a witness 8 at the time, you have impressions and you 9 10 think you are hearing things a certain way. 11 But when you go back and it, it is amazing how much information and detail is there that is 12 beyond what you heard or different than what 13 you heard. And I want to focus on the record. 14 Most of what I want to do here is make some 15 16 points about the record and let me start 17 there. I am struck by two things at the 18 19 outset. One, how little reference there is to 20 the record in the real record in terms of the Enforcement Bureau's recent submission, which 21 obviously we are not happy about, but it 22

relied very little on the record and mis-cited the record in sort of a lot of ways. It got people's names wrong, got people's positions wrong and almost treated the record as if the record doesn't matter because we know it is Comcast and we know they had that NBC merger order which they cite several times in their submission. And again, it seems to me this effort is an independent defacto -- Look into the facts based on the factual record that we developed at this hearing.

The second things that strikes me about my worthy adversary Mr. Schmidt's comments this morning is how many times he makes statements that are nowhere in the record, based on my reading, and in fact are the opposite of what is in the record. And I will give you a few examples.

He made a statement this morning about Mr. Rigdon having said he has a policy and he will never give Tennis Channel any broader carriage. That is completely wrong.

Mr. Rigdon was on the stand and at page 1816 1 of the transcript gave exactly the opposite 2 testimony. I don't think that is fair in this 3 4 proceeding to make generalized statements that 5 don't track what the record evidence really 6 is. Now, you got a chance to see Mr. 7 You can decide, Your Honor, as the 8 9 fact finder how much credibility to give to

Rigdon. You can decide, Your Honor, as the fact finder how much credibility to give to testimony and I think that is a critical part of your role. And I want to talk about that in particular with respect to Mr. Solomon in a second because the Enforcement Bureau makes no reference to Mr. Solomon. Tennis Channel barely makes any reference to Mr. Solomon and I think there is a very good and telling reason for that when you look at some of his testimony, which Your Honor may remember.

JUDGE SIPPEL: Well when you hear some of the questions, you are going to realize we do know the record pretty well.

MR. CARROLL: All right. Now, I

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1	know you know it and I am actually
2	JUDGE SIPPEL: A little bit
3	better, too.
4	MR. CARROLL: I am very comforted
5	by that because that is what this proceeding
6	is supposed to be about.
7	Mr. Schmidt was asked a question
8	by you about aren't there other independent
9	networks that get broader coverage on Comcast
10	and he said I can only think of three. Now
11	his own expert has put in a report that lists
12	about ten more, which are all the RSNs.
13	JUDGE SIPPEL: Mr. Singer?
14	MR. CARROLL: Mr. Singer.
15	JUDGE SIPPEL: Dr. Singer.
16	MR. CARROLL: Dr. Singer.
17	Regional Sports Networks, I think this is
18	Tennis Channel Exhibit 20, if I am reading
19	notes correctly. And he has listed Regional
20	Sport Networks around the country that my
21	client has no ownership in that are
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kind of sports programming we are promoting, and they are all getting D0-D1 carriage in these places.

even more striking, one of the most striking pieces of proof in my humble judgment during Mr. Solomon's examination was you may remember I asked him about two independent channels that four months after his meeting with Mr. Bond, you remember the meeting that is in May of 2009 and that follows up with a phone call in June of 2009, and that is why we are all here. They are suing because they claim we should have been obligated to take their proposal. It was discriminatory of us not to have taken the proposal that they made at the time.

MS. BERGOLD: Isn't their argument somewhat broader than that? Like, they are suing because they believe that Comcast is discriminating on the basis of affiliation and that may have happened. And that the 2009

rejection of their proposal is evidence of 1 that but that it is continuing. That there is 2 3 disparate treatment and there is a continuing violation. 4 MR. CARROLL: They are making that 5 argument now, I believe, and there are some 6 big problems with it. One may be for an 7 appeal someday, which is that they have a 8 serious statute of limitations problem --9 10 MS. BERGOLD: Yes, but --MR. CARROLL: -- so therefore they 11 can't -- If they were arguing it was generic, 12 they would walk right into the problem that 13 they have known about the generic situation 14 since 2005. And Mr. Solomon said himself on 15 the stand in response to my questions, he is 16 17 not claiming there was any discrimination, for example, in 2007, when the MFN offer was 18 turned down there. But he acknowledged there 19 was no discrimination. 20 So however generic it is, by their 21

presentation here, they can't be laying a date

to it that is prior to this meeting. 1 Αt least, I have never heard them do that. 2 3 that is a critical starting point for us. Now I do grant you they are trying 4 to argue that it is an ongoing discrimination 5 since then because we haven't done anything to 6 7 alleviate the problem. 8 MS. BERGOLD: Well, I understood 9 that what they were saying is since they 10 elected to be an improved network, that they have improved in the network, that they have 11 12 become similarly situated at this time and in 2009 and now they are similarly situated with 13 14 Golf and Versus and the disparate treatment. 15 MR. CARROLL: They have cast their argument that narrowly here. And I agree with 16 you. They are trying to argue that they were 17 different, sufficiently different in 2009, 18 19 that starting at that point --20 Okay, starting at MS. BERGOLD: that point but it was -- I don't think they 21 22 arguing that this is the only are

discrimination, is the rejection of the agreement, they are arguing that the discrimination is the disparate treatment between similar situated, allegedly similarly situated channels.

MR. CARROLL: Well if you look at the pleadings, they start it by claiming it was the meeting. They briefed it in the pretrial meeting by saying the essence of this is that offer that was made at the meeting and was turned down. And the other thing I would just --

MS. BERGOLD: Isn't that evidence, though, and not what their cause of action is? MR. CARROLL: Well, I leave it to you to sort this out but I will say they have And I think it is been moving on this. benchmark for the important to have a It is a discrimination following reason. case. Their view seems to be that if they can show substantial similarity and disparate treatment, they win. And that is completely

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wrong in our view. They have to show discrimination.

You can have things that are similar that are treated differently for nondiscriminatory reasons. This is not a common carrier case. This is a discrimination case. Wealth and MASN, Wealth now affirmed by the FCC, stand for the proposition and I could read some -- Your Honor, you have some great quotable quotes from the Wealth decision to the effect that you have got to show that the motive was acted on in a particular instance. You have to show some activity, some action, something my client did that was based on discrimination and reveals the discrimination.

They have centered that proof around 2009 because you remember Mr. Solomon said we thought we made them an irresistible It must have been discrimination that to turn that caused down. It. was us That proof the discriminatory. is of discrimination, if you will.

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And they need that because it is 1 not enough, I submit to you, at all to say 2 similar network, disparate treatment, we win. 3 If it were, that would be a carry one-carry 4 Every time we carry a sports 5 all rule. channel, right, we now have to carry every 6 sports channel that everybody pitches to us 7 and my client gets its three --8 MS. BERGOLD: Well not every 9 sports channel would be similarly situated. 10 I think Mr. Schmidt said, was not 11 ESPN, 12 similarly situated. 13 MR. CARROLL: Oh, no. He says it is similarly situated, it is just a lot more 14 powerful economically, that the programming, 15 ESPN carries more tennis, you know, as much 16 tennis as anybody. It probably has as much 17 tennis as his client does. They are very 18 their market 19 similarly situated except leverage is a lot different. 20 Now to me, that gets to a vital 21 the Congress has said 22 point, which is

initially and I think the FCC has endorsed 1 2 this view, you are supposed to give the maximum latitude to the market to work here. 3 4 This is not a case where vertical integration is being outlawed under Section 616. Right? 5 Although, to listen to Mr. Schmidt 6 arque it, I quess it was outlawed. Because 7 basically I heard him to say, in answer to 8 9 Your Honor's questions this morning about what 10 if they just stay with their networks in that 11 earlier period before you were born, he was 12 basically holding in there and saying, no, they can't do that. They can't do that. 13 14 They own the company. You are allowed to promote the companies you own. 15 16 That is what vertical integration is. argument, and I submit that would be the 17 effect of a ruling in his favor in this case, 18 would gut and forever more end vertical 19 20 integration in this industry and that has 21 never happened.

The reason it is unprecedented,

	the point we are at here, as he pointed out in
	his opening comments, it is unprecedented
	because there is not a carry one-carry all
	rule. It is not the law that if you can show
	you are similar and appealing to basically the
	same sports fans and offering sports
	programming, and that would cover an awful lot
	of programs out there, and you have got one
	that is launched on a certain channel, you
	have to carry them all that way.
	You have a question. You seem to
١	have one. If not, I am not
	MS. BERGOLD: Yes.
	MR. CARROLL: You looked like you
	had one so I was going to pause. But
	otherwise, I will keep going.
	MS. BERGOLD: Well if you have a
	If there is a discriminatory impact and the
	perpetuation of discrimination is in a
l	company's economic interest, would you say
	there was a violation of Section
	MR. CARROLL: No. Impact doesn't

get you there. This is not disparate impact 1 2 The Title VII cases that they cite, you law. 3 know, for their racial discrimination test --Well, let me give 4 MS. BERGOLD: 5 you an example. 6 MR. CARROLL: All right. 7 MS. BERGOLD: And this is an analogous in a different, let's say employment 8 discrimination. 9 MR. CARROLL: Yes. 10 11 MS. BERGOLD: Say you have a large 12 it has individual department store and 13 contracts with its employees. And every 14 contract has a female employee that is paid 70 percent of what a male employee for the same 15 mark and they have these series of contracts. 16 17 The department store is in somewhat financial trouble. The union comes and says, we have 18 19 got to change these contracts. We have to 20 have 100 percent parity. There is one job 21 description. All the women have to be paid

the same as all the men.

1	The department store says I am
2	going to do a cost-benefit analysis. I am
3	going to see. And they say, no this doesn't
4	work. It is going to cost us millions of
5	dollars in extra money. We don't get any
6	additional value. Is that discrimination to
7	perpetuate this discriminatory
8	MR. CARROLL: Is there any reason
9	for the price for the difference in salary
10	other than sex? This is the Man Hour case I
11	think that you are referencing.
12	I would tell, I would say bring a
13	claim and I will bring it for them. Because
14	under that scenario, if you are telling me
15	that there was no reason for the different
16	salary distinction, other than women versus
17	men, it is blatant discrimination. But
18	MS. BERGOLD: But they would say,
19	but you didn't
20	MR. CARROLL: supposing there
21	are other reasons No, no. It would not be
22	legitimate current. I am agreeing with you,